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UNITED STATES DEPARTMENT OF AGRICULTURE
AGRICULTURAL ADJUSTMENT ADMINISTRATION
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What About Wheat in 1938?

THE 1937 wheat crop has been harvested and farmers are preparing for 1938. The year 1937 has been prosperous for wheat farmers who got a crop. What about 1938?

In 1937, farmers have found themselves with a fair-sized crop and high prices. High prices usually have not accompanied the larger crops. Why have they done so in 1937? Some of the principal reasons are: (1) world crops are short; (2) Canadian crops were badly damaged by drought; (3) the United States carryover was small; (4) United States export prospects are brighter. Will this same combination of circumstances come about in 1938?

How many acres will United States farmers seed for harvest in 1938?

How much wheat will such an acreage produce if we have an average season next year?

How much of that wheat will be needed for food, feed, and seed in this country?

How much for a reasonable reserve?

If we have a large crop, what can we do with the rest of it?

Should part of it be used to build up an ever-normal granary supply?

What will prices be for the 1938 crop?

These are some of the questions the wheat farmer must ask himself before he seeds for 1938. Some of the facts from which he may find the answers for himself are found in this publication.

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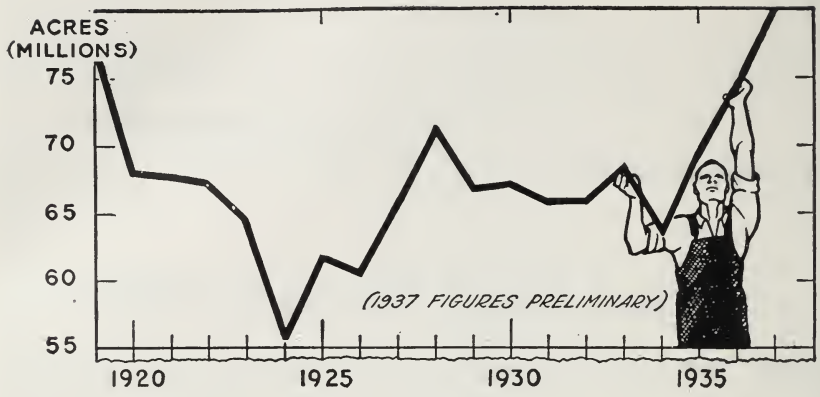
Acreage Seeded to Wheat Increases



How Many Acres Will be Seeded to Wheat in 1938?

The acreage seeded to wheat determines the size of the crop which farmers hope to produce.

Above is a running picture of wheat seedings in the United States since 1919.

Since 1934, wheat farmers have pushed wheat seedings up and up.

They reached a new high record in the 1937 crop, for which about 80 million acres were seeded.

This was 3 million acres more than for the 1919 crop, the next highest, for which 77 million acres were seeded. The lowest acreage since the World War was for the 1924 crop, for which 56 million acres were seeded.

Farmers seeded an average of 67 million acres in the period 1928–32. At the end of that period came the low prices of 1932 and the record surplus of 378 million bushels.

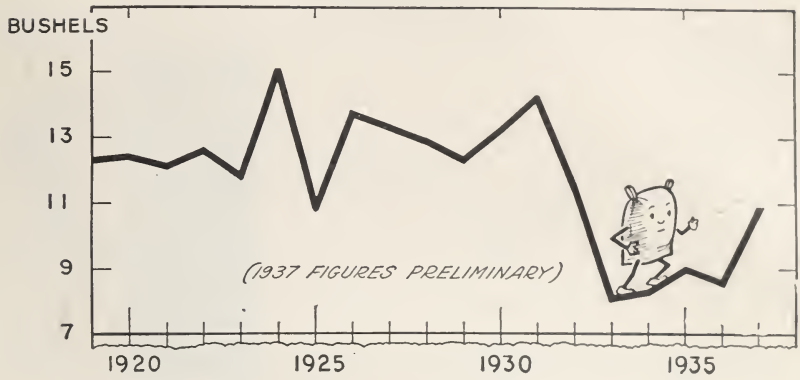
In 1934, under the AAA program, seedings dropped to 64 million acres.

Would an ever-normal granary or reserve storage plan serve to stabilize acreages seeded?

If we again seed 80 million acres, for 1938, how much wheat are we likely to produce?

How much money will the wheat be worth to the farmers?

Wheat Yield, Per Seeded Acre, 1919–37



What Will Wheat Yields Be?

In any single year the average yield per acre is a big factor in determining the size of the crop.

United States wheat yields in recent years have been below average.

That is why the large acreages of the last few years haven't produced surplus crops.

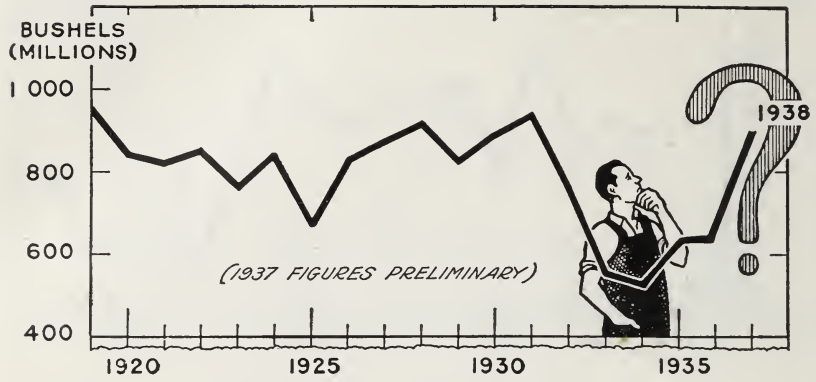
Yields have been low primarily because of drought and rust.

The average yield per seeded acre for the 18-year period 1919–36 was 11.8 bushels. The highest yield was 15.1 bushels per acre, in 1924. The lowest was 8.1 bushels per acre, in 1933. This year, the average yield will be about 11 bushels per seeded acre.

Would an ever-normal granary minimize the effects of these wide fluctuations in yields?

Are yields in 1938 going to be below average, or will they be average or better?

Total Wheat Production in the United States, 1919–37



How Much Wheat Will There Be With Average Yields in 1938?

Production of wheat in the United States has fluctuated widely since 1918.

The largest crop since the World War was 952 million bushels, in 1919.

The smallest was 526 million bushels, in 1934.

The 1937 crop, on the basis of conditions on August 1, was estimated at 890 million bushels.

The size of the total crop depends upon both acreage and yields.

If, in 1938, farmers again seed 80 million acres, they will produce somewhere between 650 million bushels, at the low-acre-yield figure, and 1,200 million bushels, at the high acre-yield figure. An average yield will result in a crop of about 944 million bushels, which, with the carryover now in view, will give a supply of more than a billion bushels.

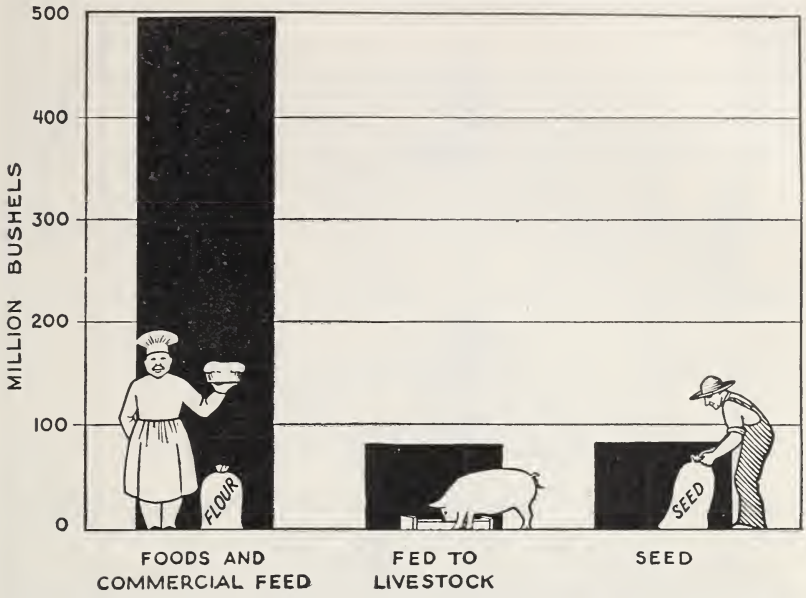
In regard to a billion-bushel supply. three questions face wheat farmers—

First, what will a billion-bushel supply mean to prices?

Second, if a part of such a supply were impounded in a reserve what effect would it have on prices?

Third, where can a billion-bushel supply be sold?

Wheat Consumption in the United States, 13-Year Average (1923–24 to 1935–36)



How Much Wheat Can Be Sold at Home?

The people of the United States use about the same amount of wheat from year to year, except when the price is so low in relation to feed-grain prices that large amounts are fed to livestock. Normal domestic needs are between 625 million and 650 million bushels.

The chart above shows that the people of the United States consume about 500 million bushels of wheat a year for food.

Farmers use about 75 million to 80 million bushels a year for seed for the next year's crop.

Farmers also feed between 50 million and 75 million bushels each year to livestock, except when prices are low in relation to feed-grain prices, when they feed more.

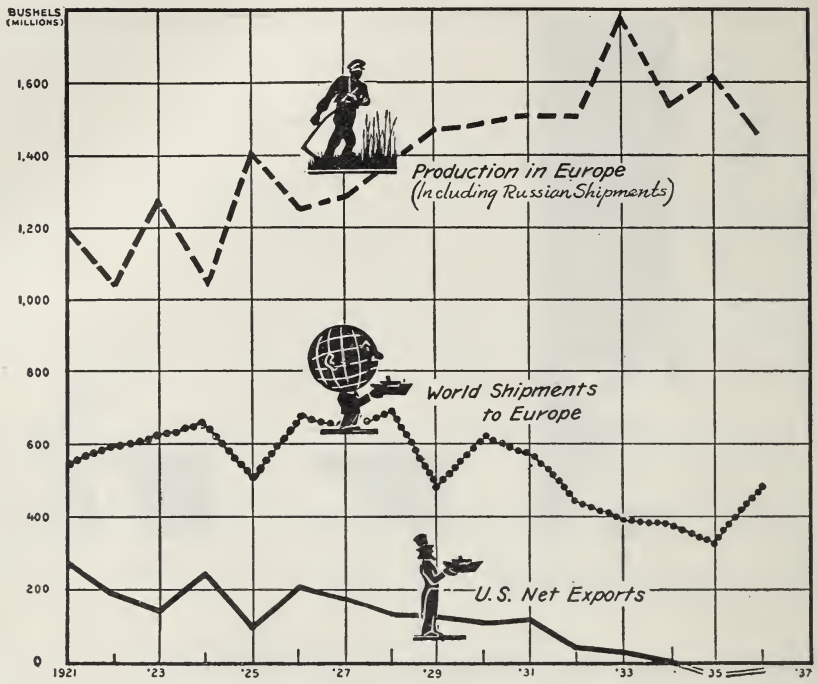
With average yields, 57 million to 59 million acres will produce the normal domestic requirements of the United States, and give 50 million bushels for export.

At average yields, 80 million acres will produce 944 million bushels, or nearly 300 million bushels more than we ordinarily use at home. Besides what is needed for building up domestic reserves, what can we do with the rest of it?

Can we sell it abroad?

If we can, what can we get for it?

Wheat Production in Europe, World Shipments to Europe, and United States Net Exports, 1921–36



How Much Wheat Can We Export?

Wheat-importing countries are buying less wheat than they used to. They are growing more themselves, and in many cases are reducing consumption. This has resulted in less wheat export business for wheat-exporting countries.

Total world wheat shipments to Europe, which is the United States' best foreign customer, have fallen off in recent years to between 400 million and 500 million bushels a year, mainly because of more production in importing countries and because of trade barriers. In 1928–29 shipments to Europe totaled nearly 700 million bushels.

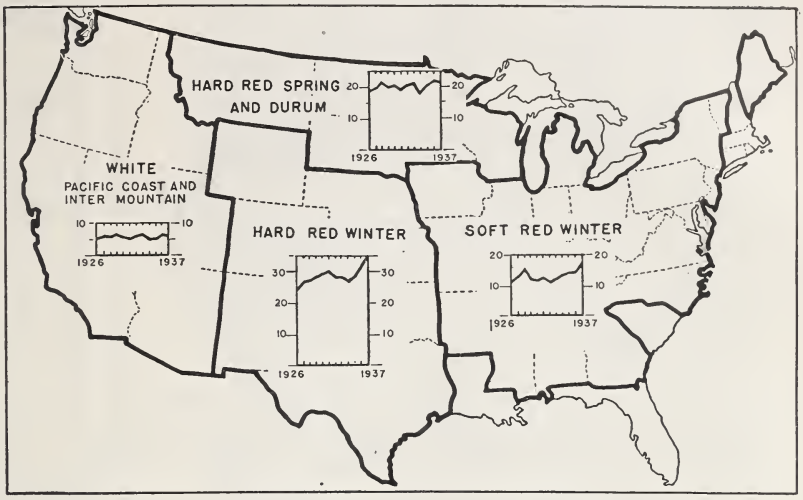
World crops have been short in recent years. World production in prospect for 1937 is poor and export possibilities for United States are good. What will the export situation be when world crops are good? What will prices for exported wheat be when world supplies are large again?

Can the United States hope to export large amounts of wheat next year?

At what prices would we have to sell our wheat abroad?

What effect would a large exportable surplus have on the prices for the wheat we sell at home?

Seeded Acreages in Various Wheat-Producing Regions of the United States, 1926–37



Who Seeds the Increased Wheat Acreage?

Hard red spring wheat farmers and white wheat farmers have been seeding ***about the same*** acreage as in the 1928–32 period, and seeding of hard red and soft red winter wheat has ***increased.***

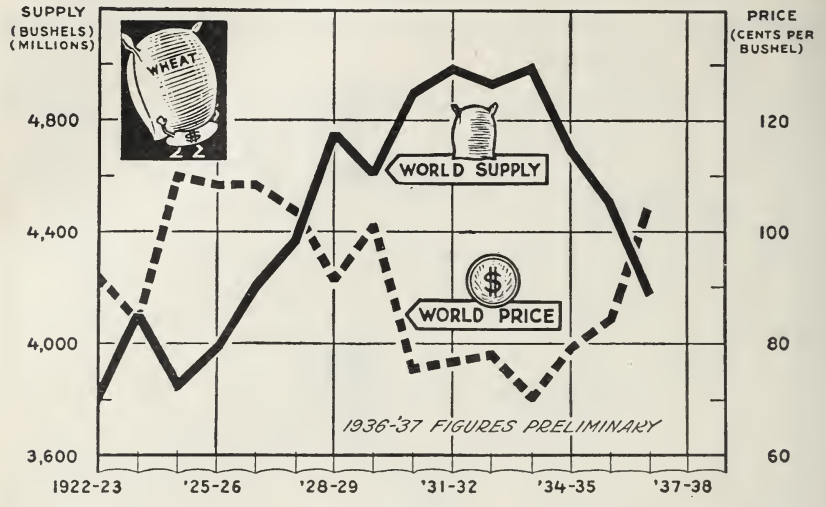
The following table shows average wheat seedings for 1928–32, seedings for the 1937 crop, and annual acreage recommended by county planning committees of farmers as desirable solely from the standpoint of soil conservation:

Region	Wheat acreage seeded by regions (millions of acres)		Annual acreage recommended by county planning committees (millions of acres)
	1928–32	1937	
Soft red winter	13	18	16
Hard red winter	28	35	26
Hard red spring	20	21	19
White	6	6	5
United States total	67	80	66

If farmers meet the recommendations of their county planning committees, those in the hard red winter wheat area would come down 26 percent, those in the hard red spring wheat area 10 percent, those in the soft white wheat area 17 percent, and those in the soft red winter wheat area 11 percent, below their 1937 acreages.

What should farmers do in the face of these trends?

Wheat: World Supply and World Price, 1922–23 to 1936–37



What Will Large World Wheat Crops Mean?

World supplies determine the world price of wheat to a large extent.

When the United States has a surplus, domestic prices are lower than world prices by about the cost of transportation.

World prices are good this year because the world yields are low and world supplies are small.

What would average yields on the present world wheat acreage mean to world prices?

The 1928–32 seedings of wheat in the United States averaged 67 million acres.

About 80 million acres were seeded for harvest in 1937.

The county planning committees have recommended 66 million acres as an annual acreage.

With average yields, domestic needs and an export trade of 50 million bushels can be supplied from about 58 million acres.

In the face of these facts, what should farmers do about wheat for 1938?

Should they continue the high seedings of 1937?

Should they try to limit seedings under the Soil Conservation and Domestic Allotment Act?

Or, should they seek a new approach to their problem?

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